

AMENDED IN ASSEMBLY APRIL 8, 2008
AMENDED IN ASSEMBLY MARCH 28, 2008
CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 2291

Introduced by Assembly Member Mendoza

February 21, 2008

An act to add and repeal Article 5.7 (commencing with Section 18755) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2291, as amended, Mendoza. Taxpayer contributions: Low Cost/Free Spay-Neuter Fund.

Existing law, relating to the administration of personal income taxes, authorizes individual taxpayers to contribute amounts in excess of their tax liability for the support of specified funds or accounts.

This bill would allow taxpayers to designate on their tax returns, that a specified amount in excess of their tax liability be transferred to the Low Cost/Free Spay-Neuter Fund, which would be created by this bill. However, the bill would provide that a voluntary contribution designation for this fund may not be added on the tax return until another voluntary contribution designation is removed from the return.

This bill would provide that all moneys contributed to the fund pursuant to these provisions, upon appropriation by the Legislature, be allocated to the Franchise Tax Board and the Controller for reimbursement of costs, as provided, and to the appropriate state department as established by the Department of Food and Agriculture

for allocation to municipal shelters for the purposes of providing low cost or free spay-neuter services.

This bill would provide that these voluntary contribution provisions are repealed on either January 1 of the fifth taxable year following the taxable year the fund first appears on the personal income tax return or on January 1 of an earlier calendar year, if the Franchise Tax Board estimates that the annual contribution amount will be less than \$250,000, or an adjusted amount for subsequent taxable years.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Article 5.7 (commencing with Section 18755) is
2 added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and
3 Taxation Code, to read:

4
5 Article 5.7. Low Cost/Free Spay-Neuter Fund
6

7 18755. (a) An individual may designate on the tax return that
8 a contribution in excess of the tax liability, if any, be made to the
9 Low Cost/Free Spay-Neuter Fund established by Section 18755.1.
10 That designation is to be used as a voluntary contribution on the
11 tax return.

12 (b) The contributions shall be in full dollar amounts and may
13 be made individually by each signatory on a joint return.

14 (c) A designation shall be made for any taxable year on the
15 initial return for that taxable year and once made is irrevocable. If
16 payments and credits reported on the return, together with any
17 other credits associated with the taxpayer's account, do not exceed
18 the taxpayer's liability, the return shall be treated as though no
19 designation has been made.

20 (d) If an individual designates a contribution to more than one
21 account or fund listed on the tax return, and the amount available
22 is insufficient to satisfy the total amount designated, the
23 contribution shall be allocated among the designees on a pro rata
24 basis.

25 (e) When another voluntary contribution designation is removed
26 from the tax return, the Franchise Tax Board shall revise the form
27 of the return to include a space labeled the "Low Cost/Free

Spay-Neuter Fund” to allow for the designation permitted. The form shall also include in the instructions information that the contribution may be in the amount of one dollar (\$1) or more and that the contribution shall be used to provide low cost or free spay-neuter services associated with a municipal shelter in California.

(f) A deduction shall be allowed under Article 6 (commencing with Section 17201) of Chapter 3 of Part 10 for any contribution made pursuant to subdivision (a).

18755.1. There is hereby established in the State Treasury the Low Cost/Free Spay-Neuter Fund to receive contributions made pursuant to Section 18755. The Franchise Tax Board shall notify the Controller of both the amount of money paid by taxpayers in excess of their tax liability and the amount of refund money that taxpayers have designated pursuant to Section 18755 to be transferred to the Low Cost/Free Spay-Neuter Fund. The Controller shall transfer from the Personal Income Tax Fund to the Low Cost/Free Spay-Neuter Fund an amount not in excess of the sum of the amounts designated by individuals pursuant to Section 18755 for payment into that fund.

18755.2. All moneys transferred to the Low Cost/Free Spay-Neuter Fund, upon appropriation by the Legislature, shall be allocated as follows:

(a) To the Franchise Tax Board and the Controller for reimbursement of all costs incurred by the Franchise Tax Board and the Controller in connection with their duties under this article.

(b) (1) To the appropriate state department as established by the Department of Food and Agriculture for allocation to municipal shelters for the purposes of providing low cost or free spay-neuter services.

(2) For the purposes of this article, “municipal shelter” means a city or county animal control agency or shelter.

18755.3. (a) Except as otherwise provided in subdivision (b), this article shall remain in effect only until January 1 of the fifth taxable year following the first appearance of the Low Cost/Free Spay-Neuter Fund on the tax return, and as of that date is repealed, unless a later enacted statute, that is enacted before the applicable date, deletes or extends that date.

(b) (1) By September 1 of *the second calendar year and by September 1 of* each subsequent calendar year that the Low

1 Cost/Free Spay-Neuter Fund appears on the tax return, the
2 Franchise Tax Board shall do all of the following:

3 (A) Determine the minimum contribution amount required to
4 be received during the next calendar year for the fund to appear
5 on the tax return for the taxable year that includes that next calendar
6 year.

7 (B) Provide written notification to the Department of Food and
8 Agriculture of the amount determined in subparagraph (A).

9 (C) Determine whether the amount of contributions estimated
10 to be received during the calendar year will equal or exceed the
11 minimum contribution amount determined by the Franchise Tax
12 Board for the calendar year pursuant to subparagraph (A). The
13 Franchise Tax Board shall estimate the amount of contributions
14 to be received by using the actual amounts received and an estimate
15 of the contributions that will be received by the end of that calendar
16 year.

17 (2) If the Franchise Tax Board determines that the amount of
18 the contributions estimated to be received during a calendar year
19 will not at least equal the minimum contribution amount for the
20 calendar year, this article is repealed with respect to taxable years
21 beginning on or after January 1 of that calendar year.

22 (3) For purposes of this section, the minimum contribution
23 amount for a calendar year means two hundred fifty thousand
24 dollars (\$250,000) for the second calendar year after the first
25 appearance of the Low Cost/Free Spay-Neuter Fund on the personal
26 income tax return or the adjusted minimum contribution amount
27 adjusted pursuant to subdivision (c).

28 (c) For each calendar year, beginning with the third calendar
29 year after the first appearance of the Low Cost/Free Spay-Neuter
30 Fund on the tax return, the Franchise Tax Board shall adjust, on
31 or before September 1 of that calendar year, the minimum
32 estimated contribution amount specified in subdivision (b) as
33 follows:

34 (1) The minimum estimated contribution amount for the calendar
35 year shall be an amount equal to the product of the minimum
36 estimated contribution amount for the prior September 1, multiplied
37 by the inflation factor adjustment as specified in paragraph (2) of
38 subdivision (h) of Section 17041, rounded off to the nearest dollar.

39 (2) The inflation factor adjustment used for the calendar year
40 shall be based on the figures for the percentage change in the

1 California Consumer Price Index received on or before August 1
2 of the calendar year pursuant to paragraph (1) of subdivision (h)
3 of Section 17041.

4 (d) Notwithstanding the repeal of this article, any contribution
5 amounts designated pursuant to this article prior to its repeal shall
6 continue to be transferred and disbursed in accordance with this
7 article as in effect immediately prior to that repeal.

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